



Monthly Newsletter

Acknowledgments to Current Economic Landscape

Government Response to the Constantly Changing
Nature of National Tax Regulations



June 2023

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Upcoming Event

IKUTI ACARA WEBINAR

Tips Mengelola Pajak Perusahaan

TINGKATKAN KEUNTUNGAN PEMEGANG SAHAM



Maulana Ibrahim
Konsultan Pajak

Topik Bahasan

- Perencanaan Pajak Perusahaan
- Pemenuhan Kewajiban Pajak Perusahaan (PPH Badan, Transfer Pricing, PPh Potong & Pungut, PPh Pasal 21, PPN)
- Rekonsiliasi Pajak



Rabu, 26 Juli 2023



09.00–10.30 WIB



Zoom Meeting

GRATIS!

Registrasi melalui

bit.ly/MIB_ManagingCorporateTax

Pindai untuk mendaftar



Tips Mengelola Pajak Perusahaan Tingkatkan Keuntungan Pemegang Saham

Managing Corporate Tax: Increasing Profit for Shareholders

📄 Baca dalam Bahasa Indonesia

Pentingnya Pajak Perusahaan

Pengelolaan pajak perusahaan pajak menentukan keuntungan pemegang saham. Dengan adanya perencanaan pajak, perusahaan, mulai dari perencanaan pajak, pemenuhan kewajiban pajak, hingga penyelesaian sengketa, dapat mengoptimalkan pajak dan memitigasi risiko-risiko yang dimiliki. Pemenuhan kewajiban pajak perusahaan yang sesuai dengan ketentuan peraturan perundang-undangan dapat menghindarkan perusahaan dari pengenaan sanksi di bidang perpajakan. Pada akhirnya, pemegang saham dapat memiliki keuntungan optimal dengan pengelolaan perusahaan yang baik.

Apa saja topik yang akan dibahas?

- Perencanaan Pajak Perusahaan
- Pemenuhan Kewajiban Pajak Perusahaan (PPH Badan, Transfer Pricing, PPh Potong & Pungut, PPh Pasal 21, PPN)
- Rekonsiliasi Pajak

📄 Read in English

The importance of corporate tax

The management of corporate tax starting from tax planning, fulfillment of tax obligations, and tax dispute resolution contributes to the profit that may be received by shareholders. Through tax planning, companies can optimize profit and mitigate possible risks. In addition, the fulfilment of corporate tax obligations following the law can also help companies to avoid sanctions in tax. All this combined, could help shareholders to receive the optimal profit through precise and accurate corporate tax management.

Topics to be covered

- *Corporate Tax Planning*
- *Corporate Tax Obligation Fulfillment (including Corporate Income Tax, Transfer Pricing, Withholding and Collection of Income Tax, Income Tax Art.21, and Value-added Tax (VAT))*
- *Tax Reconciliation*

Addressing the Taxation Landscape Through Ever-changing Regulations

Indonesian tax is among the sources of the state's revenue. In fact, tax revenue is considered the biggest contributor to Indonesia's state revenue, where its label as the biggest source of income for the national revenue is evident each year. One of many ways for the government to ensure that tax regulations remain favourable to the best interest of the nation is by regularly updating the relevant regulations.

Shaheila Roeswan

Addressing the Taxation Landscape Through Ever-changing Regulations

by
Shaheila Roeswan

Indonesian tax is one of the sources of the state revenue. In fact, tax revenue is considered as the biggest contributor to Indonesia's state revenue, where its label as the biggest source of income for the national revenue is apparent each year. For example, in 2022, the collected amount of tax revenue amounted to IDR1,716.8 T. In 2021, the collected amount of tax revenue amounted to IDR1,278.6 T. The collected amount between 2022 and 2021 showed that the tax revenue grew 34.3% annually, with 65.37% being a contribution for the state revenue in 2022.

Based on those numbers, it is logical that tax implementation requires serious attention and implementation—especially for its regulations and basis on imposition to stay abreast with the latest circumstances. Under the authority of the Ministry of Finance, the Directorate General of Taxes (“DJP”) is authorized of all issues and articles that are in relation to Indonesian tax, including but not limited to regulations issuance. In its role, both the DJP and the Ministry of Finance must always be alert for any changes in the national and global landscape to create necessary changes for tax regulations and provisions.

These changes are the reason for the ever-changing nature of tax regulations in Indonesia. These regulations are enacted as a response to national and global fiscal conditions. During the COVID-19 pandemic, for example, the government issued several regulations that would support the level of consumption in Indonesia, ease the National Economic Recovery (“PEN”) process, as well as the facility to enjoy many tax incentives in order to back up the state's economy.

In addition, Indonesia has recently implemented a reformative regulation regarding tax, which is called the Law on Harmonization of Tax Regulations (“UU HPP”) which will hopefully assist Indonesia moving forward. After the pandemic especially, there are many variables that could add up to global uncertainties.

Tax Reformation and The Newest Tax Administrative System

A dynamic nature of tax regulation demand the government to remain alert and responsive to changes, either nationally or globally. With the issuance of the UU HPP as the basis for several changes in tax regulations, the government takes a step that will hopefully result in positive outcomes for the Indonesian tax landscape, particularly remembering the grip tax revenue has on the state revenue.

Through UU HPP, the government also addressed several other issues, including updates on the national tax administrative system. Introduced as Core Tax Administration System (“CTAS”) or Pembaruan Sistem Inti Administrasi Perpajakan (“PSIAP”) in Bahasa Indonesia, this system will hopefully result in an effective and efficient system that contains both administrative functions and national tax services.

PSIAP aims to ease the process of tax administration for both tax authorities and taxpayers. The government revealed that this system is currently in the finalization stage, and is currently planned to be fully implemented on 1 January 2024.

Always-changing Tax Regulations

Due to the dynamic nature of tax regulations, its implementations are also sensitive to changes. This is natural as part of a prompt response to the most recent circumstances. As a result, it became uncommon for tax regulations to discuss or refer to similar tax objects or subjects with different provisions in one year.

Tax regulations are commonly issued in different formats. By following a certain law regulations hierarchy, taxpayers can differentiate the level of importance of each of these regulations.

The hierarchy of tax regulations can be ranked as follows:

- 1 The 1945 Constitution of the Republic of Indonesia (“UUD NRI 1945”)
- 2 The General Tax Provisions and Procedures Law (Ini equivalent to apa?)
- 3 Government Regulation in Lieu of Law (“Perppu”)
- 4 Government Regulation (“PP”)
- 5 Presidential Decree (“Keppres”)
- 6 The Ministry of Finance Regulation (“PMK”)
- 7 The Ministry of Finance Decree (“KMK”)
- 8 Director General of Tax Regulations (“PER Dirjen Pajak”)
- 9 Director General of Tax Decree (“Kep. Dirjen Pajak”)
- 10 Circular Letter of the Directorate General of Tax (“SE Dirjen Pajak”)

In June 2023, there are several new regulations that might resemble the nature of tax regulations in Indonesia. These regulations provide a little preview of how tax regulations work in Indonesia.

Financial Relations between Central Government and Local Governments, VAT-free Houses, and Cross-country Tax Collection

Several regulations are issued in June 2023. They were developed as an attempt to better adhere to changes that are happening in the current economic landscape. These regulations are issued not only by looking at current conditions, but also by taking into consideration previous related regulations and the idea of tax reformation.

1 Government Regulations Number 35 Year 2023

Based on its description, Government Regulation Number 35 Year 2023 outlines the financial relations between the central and local government, where this regulation is issued in order to perfect previous regulations which have discussed similar issues, the Law Number 1 Year 2022.

The provisions which are mentioned in this regulation are more or less the same as another regulation, Law Number 28 Year 2009. This meant that there are not many changes in terms of variables that could provide additional support to the regional tax revenue.

However, there are several items in terms of regional tax retribution and additional tax option on vehicle tax.

In the first quarter of 2023, the regional spending rate is slower by 5.5% in comparison to the regional spending rate in 2022. The central government has provided several actions to support the spending rate, such as providing transfers to regions (“TKD”) with the hope of increasing the spending rate as well as pushing the regional economic state in order to increase both regional revenues and spending.

Therefore, the imposition of PP 35/2023 also acts as a response to the current financial relations between central and regional governments. By providing additional tax options for vehicle tax as well as permitting tax collection of tax on heavy equipment, the regional government is hoping to become more independent so that the regional government does not depend on the transfers provided by the central government. Through this mechanism, regional governments can explore and discover potential tax sources and potential regional income sources.

This regulation also aims to push top-down supervision from the central government, the Ministry of Home Affairs, to the tax collection conducted by the regional government. This is to minimize illegal tax collection or tax imposition that could be done by the regional government. The supervision is solely to ensure that any tax collection or tax imposition from the regional government is following the provisions of tax law in such a way that does not hinder national economic growth and any trade activities.

2 The Ministry of Finance Regulation Number 60 Year 2023

The Ministry of Finance Regulation Number 60 Year 2023 aims to assist Low-income Individuals (“MBR”) in acquiring residential houses. This regulation is issued in order to increase the availability of residential houses and the affordability range for liveable houses, as well as provide help for MBRs to increase financing access and continue the development of fiscal programs.

Based on this regulation, it is known that there is an increase in the limit span for the maximum selling price of residential homes that could enjoy a tax facility in the form of VAT-free houses. In 2023, the limit span for maximum selling prices will be in the range of IDR162 million–IDR234 million, whereas for 2024, the limit span will be located in the range of IDR166 million–IDR249 million. The increase in the limit span is made by also taking into account the increase in construction costs, which increased by an average of 2.7% yearly.

Next: The VAT Exemption Criteria



Criteria for VAT Exemption Residential Homes	Low-income Individual Criteria
The building has an area between 21–36 m ²	An individual with a maximum income of IDR7 million for those who are not married, and IDR8 million for those who are already married. Meanwhile, for people who live in the Papua area, the maximum income that is allowed to enjoy this facility is IDR7.5 million for those who are not married and IDR10 million for those who are married.
The land has an area between 60–200 m ²	
The selling price does not exceed the range limit mentioned in the PMK, namely within the range of IDR162 million–IDR234 million and within the range of IDR166 million–IDR240 million	
This is the first house owned by an individual who is included in the MBR criteria, used as a residence, and is not transferred within a period of four years since it was owned	
The house owns a house identity code provided through an application from the Ministry of PUPR or BP Tapera.	

Figure 1. VAT Exemption Criteria

The tax exemption is not only limited to residential houses, but can also be used by boro houses for workers' cooperatives, employee cooperatives, the central government and regional governments, as well as dormitories for students and students, and handover of workers' houses given by the company for their employees.

This regulation is predicted to impact houses with a selling price below IDR500 million, which could increase the demand for middle to lower-income households, and the potential to also impact the banking sector by having a demand for credit distribution.

3 The Ministry of Finance Regulation Number 61 Year 2023

Through the imposition of the Ministry of Finance Regulation Number 61 Year 2023, the government can optimize the national tax revenue by requesting assistance from partner countries and jurisdictions for tax collection. This regulation is hoped to be able to reach taxpayers that live outside Indonesia and/or have assets outside the country, to be able to increase the national tax revenue and increase the compliance rate of taxpayers, as well as increase fairness in terms of tax law enforcement.

Countries and jurisdictions that have partnered up with Indonesia include Algeria, the United States, Armenia, the Netherlands, Belgium, the Philippines, India, Laos, Egypt, Suriname, Jordan, Venezuela, and Vietnam. If Indonesia fulfills the criteria to request tax collection assistance, then these countries and jurisdictions are able to execute the request.

Criteria for Tax Collection Application in Partner Countries/Jurisdictions

Requests for tax collection assistance only contain five tax bearer identities.

The taxpayer is in the partner country or owns the goods in the partner country.

Tax debts belonging to tax arrears are not currently in a tax dispute.

The tax authorities have collected taxes in Indonesia in accordance with agreements with partner countries, but taxpayers have not paid off their debts.

The right to collect taxes on tax debts has not expired.

Figure 2. Partner Countries/Jurisdictions Tax Application Criteria

Such assistance is possible if the DJP has partnered up with the aforementioned countries and jurisdictions using international agreements, such as the agreement on the avoidance of double taxation ("P3B"), a convention on mutual administrative assistance in tax matters, or other bilateral or multilateral agreements.

In addition to the aforementioned criteria, the DJP also needs to provide a document entailing the reason for the application for collection assistance containing any steps that have been taken to collect tax, the value of the tax debt and the cost of collection, the identity of the tax bearer, including a list of taxpayers' goods in the partner country, as well as the inclusion of the expiration date of the right to collect tax, and other government account numbers.

The imposition of PMK 61/2023 means that previous regulations such as KMK 85/2002, PMK 23/2006, and PMK 189/2020 are no longer in action and have since been revoked. This newly-issued PMK is also developed in order to address the government's concerns towards globalization and the need for better cross-country tax collection.

What is the Next Thing on The List of Tax Regulation Development?

Based on the information provided in previous paragraphs, it can be concluded that tax regulations will continue to adapt in acknowledgment of national and global development from every aspect. Through PMK 61/2023, the DJP developed regulations that could control cross-country tax collection due to the growing amount of taxpayers that live or have assets outside of Indonesia.

Through PMK 60/2023, the government paid attention to the increase in construction costs as well as the growing demand for residential houses for low-income individuals. The exemption of VAT is also beneficial for the government to continue its national fiscal programs.

Through PP 35/2023, the government further clarified and reharmonized the financial relations between central and regional governments in enhancing the synergy, so as to benefit both the central and regional governments, especially in terms of tax revenue.

These regulations are one of the many examples of how the government accommodates national and global transformations in order to **produce a fair and secure tax environment** for both taxpayers and tax authorities.

Monthly Highlights

News and Events in June 2023

For more articles, visit www.mib.group

Monthly Highlights

News Summary for June 2023

The target for the 2024 tax ratio is increased to be around 9.92%–10.2% after seeing current economic situation.



Photo credit by Lukas from Pexels

Tax Ratio for 2024 Increased to 9.92%–10.2%

The government agreed to increase the target for the 2024 tax ratio. First, it was decided that the target will be at around 9.91%–10.18%. However, a following meeting has made the decision changed.

During the latest discussion with the People's Representative of Indonesia, it is agreed that the target for the 2024 tax ratio should be increased to 9.92%–10.2%.

This number is agreed upon by factoring in several variables, such as commodity prices and the normalization of Value-added Tax revenue.



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Monthly Highlights

News Summary for June 2023



Photo credit by AbelBrata on Getty Images

Non-tax State Revenue receives improvements on its administration following the issuance of PMK 58/2023.

Non-tax State Revenue Administration Changes with PMK 58/2023

There are various changes in managing Non-tax State Revenue through the publication of the Ministry of Finance Regulation, also known as "PMK" Number 58 Year 2023 regarding adjustments in the Administration of Non-tax State Revenue.

First, optimization in managing Non-tax State Revenue through updates and improvement on platforms. Followed by, providing performance appraisal and cooperation with other Directorate-related supervisory actions. Lastly, giving provisions on permits to spend the Non-tax State Revenue.



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Monthly Highlights

News Summary for June 2023

“The Directorate General of Taxes requests an increase in the maximum level of financial transactions for 2024.”



Maximum Level of Financial Transactions to be Increased for 2024 National Programs

The Directorate General of Taxes advises an increase in the maximum level of financial transactions for several programs in 2024.

This budget increase is divided into the main function and the support function. The increase in budget is meant to provide assistance in national management, fiscal regulations, and supporting management.

Each of these programs receives the increase according to their respective objectives, therefore the increase can support them to achieve the target.



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Monthly Highlights

News Summary for June 2023

The collected tax revenue until May 2023 is reported to be at IDR830.2 T.



May 2023 Reports an Amount of IDR830.2 T in Collected Tax Revenue

The Ministry of Finance reports the collected tax revenue per May 2023 to be IDR830.2 T. This number is said to be lower in terms of collected growth from January until May 2023.

Even though the collected amount is lower in comparison to the previous year, the collected amount is still growing positively within a double-digit range. However, Indonesia should be careful in future tax revenue collection.

Similar to the previous month, Non-oil and gas income tax became the biggest contributor to the May 2023 collected tax revenue.



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Monthly Highlights

News Summary for June 2023

The natura tax regulation is in the finalization process before implementation.



Photo credit by SAWEK KAWILA on Getty Images

Natura Tax Regulation Implemented Soon

The government has been pushing for an established regulation regarding the imposition of natura tax. The effort has finally reaped a result.

The natura tax regulation is currently in the finalization process. The Director General of Taxes comments that as soon as approval is given by the Ministry of Finance, the regulation will be imposed immediately.

The implementation of the natura tax regulation, which would affect civil servant eligibility for income tax exemptions related to their natura, is scheduled for June 2023.



Click here (or the title) to read the full article on our website.



Tax Calendar
July 2023

MON	TUE	WED	THU	FRI	SAT	SUN
26	27	28	29	30	1	2
3	4	5	6	7	8	9
10	11	12	13	14 Tax Day	15	16
17	18	19 Islamic New Year 1445H	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

Reminders

- 10 July 2023 Payment Deadline : June 2023 Art. 4(2), 15, 21/26, 22, & 23/26 Income Tax
- 14 July 2023 National Tax Day
- 17 July 2023 Payment Deadline : June 2023 Art. 25 Income Tax, SME Final Income Tax, & Self-Assessed VAT
- 19 July 2023 Islamic New Year 1445H
- 20 July 2023 Filing Deadline : June 2023 Art. 4(2), 15, 21/26, 22, 23/26, & 25 Income Tax
- 30 July 2023 Payment and Filing Deadline : June 2023 VAT

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